

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

Sacramento City Hall

915 I Street

Sacramento, California 95814

Thursday, April 10, 2014

9:05 a.m.

BRITTANY FLORES

CERTIFIED SHORTHAND REPORTER

LICENSE NO. 13460

A P P E A R A N C E S

BOARD MEMBERS

Mr. Dan Richard, Chairman

Mr. Jim Hartnett, Vice-Chair

Mr. Rick Frank

Mr. Patrick Henning

Ms. Katherine Perez-Estolano

Mr. Michael Rossi

Ms. Thea Selby

Ms. Lynn Schenk

STAFF

Ms. Janice Neibel, Board Secretary

ALSO PRESENT

Mr. Jeff Morales, CEO

Mr. Thomas Fellenz, Esq., Legal Counsel

--o0o--

I N D E X

Page

Item 1, Approval of Board Minutes from March 11,
2014 meeting

9

Item 2, Public Comment

12

Item 3, Approval of Amendment to STV, Inc.

Regional Consultant Contract for Time

Only/Direct Staff to Resolicit: Los Angeles

to Anaheim Project Section

48

Item 4, Approval of Amendment to AECOM Regional

Consultant contract for Time Only: Altamont

Corridor Project Section

54

Item 5, Approval of Final 2014 Business Plan

60

Item 6, Closed Session Pertaining to Litigation

95

1 SACRAMENTO, CALIFORNIA, April 10, 2014

2 9:05 a.m.

3 --o0o--

4
5
6 CHAIRMAN RICHARD: Good morning. This
7 meeting of the California High Speed Rail Authority
8 Board will come to order.

9 Before we call the roll, I'm going to -- I have
10 the privilege and the pleasure of swearing in our newest
11 member appointed by the Speaker of the California
12 Assembly, and that's Ms. Thea Selby. So I'd like to do
13 that right now before we take the vote so that we can
14 have a full complement on the board.

15 Okay. Thea. Raise your right hand. This is the
16 oath of office for the California High Speed Rail
17 Authority. "I," state your name.

18 MS. SELBY: I, Thea Selby.

19 CHAIRMAN RICHARD: "Do solemnly swear."

20 MS. SELBY: Do solemnly swear.

21 CHAIRMAN RICHARD: "That I will support and
22 defend the Constitution of the United States."

23 MS. SELBY: That I will support and defend
24 the Constitution of the United States.

25 CHAIRMAN RICHARD: "And the Constitution of

1 the State of California."

2 MS. SELBY: And the Constitution of the
3 State of California.

4 CHAIRMAN RICHARD: "Against all enemies
5 foreign and domestic."

6 MS. SELBY: Against all enemies foreign and
7 domestic.

8 CHAIRMAN RICHARD: "That I will bear true
9 faith and allegiance."

10 MS. SELBY: That I will bear true faith and
11 allegiance.

12 CHAIRMAN RICHARD: "To the Constitution of
13 the United States."

14 MS. SELBY: To the Constitution of the
15 United States.

16 CHAIRMAN RICHARD: "And the Constitution of
17 the State of California."

18 MS. SELBY: And the Constitution of the
19 State of California.

20 CHAIRMAN RICHARD: "That I take this
21 obligation freely."

22 MS. SELBY: That I take this obligation
23 freely.

24 CHAIRMAN RICHARD: "Without any mental
25 reservation or purpose of evasion."

1 MS. SELBY: Without any mental reservation
2 or purpose of evasion.

3 CHAIRMAN RICHARD: "And that I will well and
4 faithfully."

5 MS. SELBY: And that I will well and
6 faithfully.

7 CHAIRMAN RICHARD: "Discharge the duties
8 upon which I am about to enter."

9 MS. SELBY: Discharge the duties upon which
10 I am about to enter.

11 CHAIRMAN RICHARD: Congratulations.

12 Now, I will ask if the secretary will please call
13 the roll.

14 MS. NEIBEL: Vice-Chair Richards.
15 Vice-Chair Hartnett.

16 MR. HARTNETT: Here.

17 MS. NEIBEL: Ms. Selby.

18 MS. SELBY: Here.

19 MS. NEIBEL: Mr. Rossi.

20 MR. ROSSI: Here.

21 MS. NEIBEL: Ms. Schenk.

22 MS. SCHENK: Here.

23 MS. NEIBEL: Ms. Perez-Estolano.

24 MS. PEREZ-ESTOLANO: Here.

25 MS. NEIBEL: Mr. Henning.

1 MR. HENNING: Here.

2 MS. NEIBEL: Mr. Frank.

3 MR. FRANK: Here.

4 MS. NEIBEL: And Chairman Richard.

5 CHAIRMAN RICHARD: Here.

6 Mr. Hartnett, will you lead us in the Pledge of
7 Allegiance, please.

8

9 (Pledge of Allegiance recited.)

10

11 CHAIRMAN RICHARD: Thank you. Before we
12 start, I'd just like to say for the record that
13 Vice-Chair Tom Richards is not here today. He's on
14 family business, and he's quite distraught because I
15 believe this is the first High Speed Rail Board meeting
16 that he has missed, and he's been pretty proud of his
17 tenure and his attendance record up until now. So he's
18 here in spirit.

19 And then before we start, Ms. Selby, welcome, and
20 I don't know if you'd like to just say anything by the
21 way of introductory remarks as you join our board.

22 MS. SELBY: Thank you, Chairman Dan Richard.
23 I would. First of all, I appreciate the thought, and I
24 want to thank you and to thank the other board members
25 and staff for the warm welcome that I received here. I

1 also want to thank Senator Kathleen Galgiani and San
2 Francisco controller, Dan Rosenfeld, who wrote me
3 letters of support for this position and thank Speaker
4 John Perez, who appointed me, and especially to thank
5 the honorable Theona Maw, my friend and colleague, for
6 her advocacy on my behalf. I think that anybody who
7 knows me knows that I am for high-speed rail, but I have
8 worked, you know, to educate and inform people about
9 high-speed rail, but I am here in a different position,
10 and I am honored to be here as a member of the board,
11 and I feel, very deeply, the responsibilities of being a
12 board member, which are to help govern this project and
13 to represent the constituencies in the State of
14 California, and that's all of the constituencies of the
15 State of California. And one of the first things I did
16 when I found out that I was appointed was to ask for a
17 tour of the Central Valley, and I did that so that I
18 could listen to the people of the Central Valley,
19 educate myself, and do my best to represent them because
20 they are a very, very important part of this project. I
21 will always strive to listen. I won't always
22 understand, but I will strive to listen and to hear you
23 and your concerns so that we can make the best
24 high-speed rail possible. Thank you.

25 CHAIRMAN RICHARD: Thank you very much, Ms.

1 Selby. I appreciate that, and welcome to the board.

2 We will now turn to the first item on the agenda,
3 which, as always, is the approval of the minutes of the
4 prior meeting. So I'll ask the secretary to call the
5 roll.

6 MS. SCHENK: Move approval.

7 CHAIRMAN RICHARD: Somehow, I always manage
8 to skew up the thing with the minutes. I don't know how
9 I do that. No, I just want the secretary to call the
10 roll. Can we have somebody make a motion.

11 MS. SCHENK: I did move the minutes.

12 MR. ROSSI: Second.

13 CHAIRMAN RICHARD: Yes, it was moved by Ms.
14 Schenk. I was too busy being embarrassed to hear that,
15 and I think it was seconded by Mr. Rossi.

16 All right. Now could the secretary please call
17 the roll.

18 MS. NEIBEL: Certainly.

19 Vice-Chair Richards.

20 Vice-Chair Hartnett.

21 MR. HARTNETT: Yes.

22 MS. NEIBEL: Ms. Selby.

23 MS. SELBY: Abstain.

24 MS. NEIBEL: Mr. Rossi.

25 MR. ROSSI: Yes.

1 MS. NEIBEL: Ms. Schenk.

2 MS. SCHENK: Yes.

3 MS. NEIBEL: Ms. Perez-Estolano.

4 MS. PEREZ-ESTOLANO: Yes.

5 MS. NEIBEL: Mr. Henning.

6 MR. HENNING: Abstain.

7 MS. NEIBEL: Mr. Frank.

8 MR. FRANK: Yes.

9 MS. NEIBEL: Chairman Richard.

10 CHAIRMAN RICHARD: Yes.

11 Thank you. Now, I'm sorry. We will move onto
12 public comment, which actually should have been first.
13 Before we do, I'd like to just make this remark about
14 the public comments today and the interrelationship
15 between the public comments and the Board's later
16 deliberation on the 2014 business plan. We have
17 received a number of comments from the public. I have
18 read -- probably up until last night, I have read all of
19 the raw comments. I know a number of my colleagues have
20 as well. In addition, comments continue to come in and
21 we will have additional comments today that I anticipate
22 will be -- will be pertinent to the 2012 business plan.
23 Now, some of you may wonder, "Well, how effective can my
24 comments be when you guys are going to vote on this plan
25 later this morning?" I have had a conversation with

1 Mr. Morales about this issue, and what I'm going to be
2 recommending to my colleagues is that as we consider and
3 deliberate on the business plan today that the draft
4 that's in front of us is basically still the same draft
5 that we saw before, and so I think the appropriate thing
6 is for this board to hear all of the comments and
7 reflect on the comments that have been presented to us
8 so far, the ones we'll hear today, discuss the policy
9 issues inherent in this document, and then give
10 directions to the staff to finalize the document in
11 accordance with board policies.

12 So I want to assure all members of the public
13 today that we take your comments very seriously and that
14 we encourage your further comments today on the business
15 plan so that between now and the end of the month when
16 the plan must be finalized that we can incorporate all
17 of this thinking and the board will have the benefit of
18 that today.

19 Mr. Morales, do you want to add anything to that?

20 MR. MORALES: Yeah, I would just reiterate,
21 yes, we have received comments on a rolling basis since
22 early February. Those comments have been reflected in
23 the materials that have been presented to the board and
24 they have been made public, and as you know, the
25 comments heard today will be a continuation of that

1 process, and so we will take whatever direction the
2 board provides based on the comments you hear today as
3 far as incorporating issues, and we will continue to
4 revise the report in accordance with that direction in
5 order to submit it.

6 CHAIRMAN RICHARD: All right. Thank you.
7 So with that, we'll proceed. Just wanted to give some
8 comfort to the people who have come all this way to make
9 comments to the board that we're very serious about
10 hearing from the public on these matters.

11 As is our ordinary custom, we begin with elected
12 officials. However, I know Supervisor Perea is here and
13 City Council Member Kris Murray is not yet here, and so
14 I'm going to move those to the back of the comment
15 period today at their request.

16 So we'll move on and take comments in the order
17 that they were received. First is -- pleased to welcome
18 Chad Edison from the State Transportation Agency.

19 Mr. Edison, good morning.

20 He'll be followed by Dan Leavitt.

21 MR. EDISON: Thank you, Mr. Chairman, and
22 good morning members of the board. On behalf of
23 Secretary Brian Kelly, I would like to thank the High
24 Speed Rail Authority for developing a 2014 business plan
25 consistent with the Governor's budget vision. The 2014

1 business plan builds on the important foundation laid in
2 the 2012 business plan and SB 1029 both beginning
3 construction on high-speed rail and unlocking important
4 funding for statewide rail modernization. The bookend
5 investments and Caltrain electrification and southern
6 California blended system coupled with conductivity
7 projects on rail systems throughout the state are
8 critical to developing an integrated, efficient
9 statewide rail network. The Governor's budget proposal
10 and High Speed Rail Authority 2014 business plan
11 continue to lay out strong vision for the high-speed
12 rail built. Initial and ongoing commitment of cap and
13 trade funding is critical to ensuring construction of
14 the initial operating segment in a timely fashion.

15 In addition, the Governor's budget calls for
16 investing additional cap and trade funds and the
17 remaining \$160 million of Proposition 1-B funding and
18 the rest of the state's rail network. All told, the
19 state appropriated in programs more than a billion
20 dollars to be spent on rolling back infrastructure and
21 positive train control investments that will benefit the
22 state's three intermodal corridors and the commuter rail
23 services that share them over the next five years. A
24 modern, safe rail network with investments in both
25 high-speed rail and existing and emerging rail corridors

1 is a top priority for the state.

2 Finally, I'd like to thank the High Speed Rail
3 Authority for the efforts made to improve planning
4 analysis for travel and production, operation
5 maintenance costs and investment cost analysis. Your
6 business plan is strengthened through the responsiveness
7 of the peer review panel, advice from domestic and
8 international rail community, academic experts in
9 Federal and State oversight. California needs the
10 benefits that high-speed rail and statewide integrated
11 rail have to offer, reliable, efficient transportation
12 that is environmentally, financially sustainable and
13 strengthens California's global economic
14 competitiveness.

15 I urge you to continue to listen and be
16 responsive to the feedback you receive from throughout
17 the state and enforce the strong partnerships you will
18 need to make high-speed rail best fit into the fabric of
19 our communities and to enhance the State's economy. I
20 appreciate the opportunity to be here today and to
21 comment on this important and transformative project.

22 CHAIRMAN RICHARD: Thank you, Mr. Edison.
23 And please convey our thanks also to Secretary Kelly for
24 his continued support and guidance on this. We
25 appreciate it.

1 Dan Leavitt followed by Alan Scott.

2 Good morning, Mr. Leavitt.

3 MR. LEAVITT: Good morning, Chair Richard,
4 and members of the Authority. I'm Dan Leavitt with the
5 San Joaquin Regional Rail Commission, and I'm speaking
6 here today on Agenda Item 4, and I'm here because our
7 Executive Director, Stacy Mortensen, is currently in
8 Washington, DC.

9 We have made great progress with limited
10 resources since you adopted the updated agreement with
11 the San Joaquin Regional Rail Commission in June of
12 2013. On June 24th, 2013, we initiated the formal
13 environmental process for the improvement expansion of
14 the existing Ace rail service and the extension of Ace
15 to Merced where it will connect with the initial
16 operating section of high-speed rail. The extension of
17 the Ace is a key component of the northern California
18 unified service and blended service you have identified
19 in your business plans. The EIS for this effort was
20 initiated in September by our Federal partner at FRA and
21 the scoping was completed in November. Our draft
22 scoping report is available to the public. We have done
23 extensive agency outreach and public outreach throughout
24 the corridor, and last week, we presented the initial
25 alternatives to be carried forward throughout the

1 EIR/EIS process. We have greatly narrowed down a number
2 of options to be investigated through the environmental
3 work. In the next couple of months we expect to release
4 initial ridership and revenue forecast. The San Joaquin
5 Regional Rail Commission respectfully requests your
6 approval of Agenda Item 4 for a one-year time only
7 amendment to the AECOM contract for the Altamont
8 Corridor section so that we can continue this important
9 work. We look forward to continuing our successful
10 partnership with the High Speed Rail Authority.

11 CHAIRMAN RICHARD: Thank you, Mr. Leavitt.

12 Alan Scott followed by Frank Oliveira.

13 Mr. Scott, good morning.

14 MR. SCOTT: Good morning, Mr. Chair, members
15 of the board. My name is Alan Scott, Kings County, and
16 I'm a founding member of Citizens for California High
17 Speed Rail Accountability. This morning I have a number
18 of questions that I know may not be answered, and I
19 understand that. My first question is, where is the
20 beef? Where's the money for this project? Does anybody
21 on the Board know? What does the term "uncommitted
22 funds" mean in the two boxes in the business plan; one
23 on page 53 and one on 55. Furthermore, I'm not sure I
24 understand the waiver to purchase trainsets overseas.
25 It's my understanding of the last couple of years,

1 beginning with the Federal Government, that everything
2 that we do is Buy America, and now you're asking for a
3 waiver from the STV or the FRA to purchase trainsets
4 overseas with taxpayer dollars. I don't see any unions
5 concerned about this, but the other thing is the
6 taxpayers would like you to follow the law.

7 My next question is, are you really sure the
8 draft EIR -- draft EIR is completed to the letter of the
9 law? Since California ranges number six in states where
10 the populus does not trust their government -- and by
11 the way, Illinois is number one -- could part of this
12 reason be because of the HSR's project and a lot of the
13 issues that are coming up especially in court cases?

14 And another thing is the Public Utilities Code
15 Section 1850336 -- or I think B2 says, "the Authority
16 shall take into consideration anything the legislature
17 may hold prior to the adoption of the plan." And the
18 question is, did you do that, because I'm going to close
19 with this statement here, it's my hope the entire Board
20 reviews the video the Transportation Housing
21 Informational Hearing on March 27th as four experts
22 pretty much -- totally beat up on the business plan or
23 stated another way, your business plan is not good
24 enough. Thank you very much.

25 CHAIRMAN RICHARD: Thank you, Mr. Scott.

1 Frank Oliveira followed by Ross Browning.

2 Good morning, Mr. Oliveira.

3 MR. OLIVEIRA: Good morning. Frank Oliveira
4 with the Citizens for California High Speed Rail
5 Accountability. In my hand I have a realistic view of
6 the California train project condensed into a packet
7 where it has been -- where it appears the Authority is
8 planning on taking it. In 2008, the California
9 high-speed train project was designed by Assembly Bill
10 32 -- or excuse me -- Assembly Bill 34 and the resulting
11 Proposition 1-A. Since we, the public, law makers, and
12 media, since then have been saturated by the California
13 High Speed Rail Authority's promises and marketing
14 campaigns to build something different than what the
15 public agreed to fund. The Sacramento Superior Court
16 has ruled that to be the case. The State has appealed
17 the Superior Court's funding, and we are eagerly ready
18 to defend the court's ruling. The State's lack of
19 compliance with law is noncomplex -- is a non-complex
20 matter for the appellate court to review and come to the
21 same finding as the lower court.

22 The Authority's 2014 business plan just
23 reinforces how far the California high-speed train
24 project has drifted from what the public authorized by
25 now pursuing critical greenhouse gas revenues that

1 should be used by law to meet the State's 2020
2 greenhouse reduction -- gas reductions. California
3 Assembly Bill 32 is just another funding law that the
4 Authority is prepared to plead out to justify its
5 continued existence. It is now 2014, six years after
6 the passage of Prop 1-A. It is time for the Authority
7 to eliminate the constant marketing campaigns, which are
8 included throughout the Authority's 2014 business plan
9 and the rest of your communications. We wish the
10 Authority would allow the California high-speed rail
11 project program to stand or fall on its own merits.
12 Build what the public voted on or go back to the voters
13 and ask for their permission to build something
14 different. The concept may be uncomfortable, but it is
15 simple and fair. Do not take limited AB32 cap and trade
16 revenues and use them to increase the State's greenhouse
17 gas emissions footprint in the Central Valley.

18 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

19 Next, Mr. Ross Browning followed by Ms. Diana
20 LaCome.

21 Mr. Browning.

22 MR. BROWNING: Yes. Good morning, Chairman
23 Richard, members of the board. I'm Ross Browning from
24 Layton, California, down there in Kings County, that
25 little -- I love to say this -- that little keystone

1 shaped county.

2 At an assembly hearing in February of last year,
3 a member of your staff was responding to questions about
4 being able to meet speed and time limits that was quoted
5 by the assembly person. The assembly person stated that
6 they would like to see the data that validated these
7 points. Your staff member said that he would send the
8 validation data to the assembly member. A little while
9 later, I thought I would also like to see this material.
10 So I asked and the assembly staffer sent me a copy of
11 which she did. Imagine my surprise when I received this
12 material. It was unsuitable for verification purposes.
13 I called the staffer back and explained the situation to
14 her and asked if the material had been faxed. It had
15 graphics with small text, and I also explained to her
16 that this material could not be used to validate any
17 data. Some time later -- some time later, I printed a
18 PDR from the material from your program director.
19 Again, imagine my surprise when I received the data and
20 it appears to have been extracted from some report or
21 presentation, but in any case was not readable for, for
22 verification purposes. These data appears to have come
23 from a run-time simulation program, which is a very
24 basic and elementary program dealing with speed, time,
25 and distances. For example, which is to say, 50 miles

1 from grandma's house, we're traveling at 25 miles an
2 hour, the trip will take two hours. This is a tool
3 engineers use, quite frankly, to assist them in
4 determining which route and changes in speed can be used
5 to meet various goals. This is a valuable tools that is
6 used in preliminary design phases. It does not yield
7 real or operational data in its current form. This
8 would require performance input data such as data on a
9 particular trainset, load carried, elevation changes, as
10 well as alignment and any environmental or local
11 ordinances in effect. What does all this mean? For
12 starters, it means that your staff told an assembly
13 member a little more than a little white lie. It also
14 casts doubt on any number -- numerical data that is
15 issued by the Authority. The San Francisco to San Jose
16 portion penciled down at more than 30 miles -- 30
17 minutes and the San Francisco to Los Angeles route is
18 well over three hours. Thank you for your time.

19 CHAIRMAN RICHARD: Thank you, Mr. Browning.

20 Diana LaCome followed by Kevin Dayton.

21 Good morning.

22 MS. LACOME: Good morning, Chairman Richard,
23 members of the Board, Mr. Morales. I'm Diana LaCome,
24 president of APAC. I wanted to let you know that I
25 attended the pre-bid and industry forum in Visalia the

1 day before yesterday, and I was, frankly, very
2 surprised. It was perfect. We had attendance. It
3 seems like Diana Gomez and Jose finally got it. They
4 got it right. We had ample time for networking with the
5 teams and the primes. We had an excellent overviews.
6 Overall, it was very, very well done. The, the format
7 was perfect. I just hope that they continue it as it
8 was.

9 The second item I wanted to mention to you is
10 that I know that you, as board members, received the
11 letter from our attorney regarding bundling and
12 unbundling. It was also sent to FRA. Well, we're
13 looking forward to a response from you, and I hope that
14 the Board seriously considers the unbundling of
15 contracts in the future. I think it's very clear that
16 FRA -- from FRA it was a directive. It wasn't just a
17 request. So I do hope that you take that into serious
18 consideration in the future. Thank you very much.

19 CHAIRMAN RICHARD: Thank you, Ms. LaCome.
20 Let me just say, you hold us to very high standards, and
21 so I'm happy that we were able to do that. And I did
22 read that letter. I'm sure my colleagues read the
23 letter. We'll be discussing that later, so appreciate
24 it.

25 Mr. Dayton, good morning.

1 MR. DAYTON: Good morning, Mr. Chairman.

2 CHAIRMAN RICHARD: Mr. Dayton, I'm sorry.

3 Hold on one second. Mr. Rossi.

4 MR. ROSSI: You know, I have been on this
5 board now more years than I care to remember. We're not
6 happy with certain things, and I'm just going to say so.
7 I didn't like the analogy of Hitler and I don't like the
8 thought process of -- with impunity stuff up here to
9 call a staffer a liar. It's inappropriate. It's
10 lacking in civility and it's contrary to everything that
11 is democratic. Thank you.

12 CHAIRMAN RICHARD: Thank you, Mr. Rossi.

13 Mr. Dayton.

14 MR. DAYTON: Thank you. Kevin Dayton with
15 Labor Solutions in Roseville. I did read the California
16 High Speed Rail Authority 2014 draft business plan line
17 by line. I found three typos and a factual mistake. I
18 did send it in. And after reading it, here are my
19 impressions. First, I saw the vision that's in this,
20 and I saw the potential for a lot of excitement and
21 opportunity. I have to say that I come to read it with
22 a perspective and a very firm perspective. I also found
23 a perspective that I think your staff must be frustrated
24 about, behind the scenes, about all the State and
25 Federal mandates that are put on it. My personal

1 feeling is that when I look at all the criteria of the
2 business plan, there's really no way you can ever fully
3 comply with this sort of thing, and that's not your
4 fault. The legislature did it. Obviously, a lot of
5 what was in there was trying to get the Prop 1-A
6 approved in 2008 and trying to show voters that you're
7 following it. I think it's ridiculous and there's no
8 way you can fulfill these requirements.

9 On the other hand, you have the law and you have
10 to follow it. We just heard somebody from Caltrans say
11 this is consistent with the Governor's plan and vision
12 and business plan. Actually, it has to be consistent
13 with State Law. It's not a living document as has been
14 claimed. It's a legal document, and you have to fulfill
15 this out and fulfill it in order to be eligible for
16 getting funding and continuing with this. I attempted
17 to make an outline here of all of the things that the
18 legislature has demanded you to do in the business plan.
19 You're unable to do it. You didn't do it, and,
20 essentially, the business plan item only applies to the
21 law. I don't believe that you can comply with the law,
22 so I'm going to leave you with that, and you're going to
23 have to look for some options in the future on how to
24 get this going to comply with the law because you're
25 just not going to be able to do it. It's too difficult.

1 Thank you.

2 CHAIRMAN RICHARD: Hang on a second,
3 Mr. Dayton. Let me just ask this question. Your list
4 there is intriguing to me. Is that something you can
5 provide to us. Are you providing that in terms of
6 comments?

7 MR. DAYTON: Actually, no. I've got all my
8 notes written on this, but you know what, maybe I should
9 contact the staff and talk about what I discovered, and
10 actually, I came up with a bunch of good ideas. I think
11 a lot of them are counterintuitive about how you can
12 turn this around perhaps and get the project broadly
13 popular and successful, and a lot of it is related to
14 the mandates that are being put on you by the State and
15 Federal Government. So I will -- I will contact the
16 Authority and see if I can submit some material and
17 maybe talk about some of the things I discovered in this
18 line by line.

19 CHAIRMAN RICHARD: And we'd welcome that.
20 Thank you, Mr. Dayton.

21 Next is Ted Hart followed by Jason Holder.

22 Good morning.

23 MR. HART: Good morning. And thanks for the
24 opportunity to address the board. I always feel good
25 about the fact that you invite the public. I've

1 submitted 12 more pages of comments concerning the 2014
2 business plan. I'm only going to hit the first one.

3 In the draft business plan, the draft business
4 plan states, quote, "In 1996, the Commission issued a
5 report that conclude that such a project statewide
6 high-speed rail was indeed feasible." The Commission
7 went on to say that the high-speed rail project first
8 needed a funding mechanism and that no progress would be
9 made until the voters had approved a funding mechanism
10 or could have an operating firm selected. The Authority
11 kept the "feasible" part of the commission statement and
12 ignored the recommendation that made it feasible. 18
13 years passed since the time the statement was made, and
14 during all of this time, the Authority has never
15 developed a funding mechanism for building a statewide
16 rail system.

17 So the question is, will the final 2014 business
18 plan tell the public how much the statewide system would
19 cost, when it will be completed, and how will it be paid
20 for?

21 It's kind of like the Jerry McGuire, "show me the
22 money." In going back on this, the issue that I have
23 spoken to the board many times on is funding. I just
24 keep coming back to that because without that, it
25 doesn't matter what you have in the business plan, it

1 just can't go forward without the money.

2 At the more recent Senate and Assembly hearings,
3 Mr. Morales delivered information to them and at the end
4 of -- at least the Senate hearing -- the comment was
5 made, and I'll loosely quote, that -- from the senator
6 that he admired Mr. Morales' optimism but the question
7 was, where are the factual numbers that provide for the
8 funding? So we have optimism; we have reality. So the
9 approval vote that you're looking at right now is by
10 each of you as individuals. And if you feel that this
11 plan is complete, then fine. But many of us that have
12 looked at it in detail, look at it as an incomplete
13 document, and if it is, then I would ask that you not
14 approve it until the funding plan is put in place so
15 that everybody knows what it really is. Thank you for
16 your time.

17 CHAIRMAN RICHARD: Thank you, Mr. Hart.

18 Jason Holder followed by Robert Allen.

19 Good morning.

20 MR. HOLDER: Good morning, Chairman Richard,
21 members of the board, Mr. Morales. My name is Jason
22 Holder. I'm an attorney from Oakland specializing in
23 environmental law and land use, and I'm commenting today
24 on behalf of Citizens for High Speed Rail Accountability
25 as well as on my own behalf as a father and as a citizen

1 of this state.

2 I appreciate your statement earlier that you
3 would direct staff to revise the document, and I think
4 the document needs to be revised to answer four critical
5 and currently unanswered questions concerning the
6 project, and until those questions are answered, the
7 board will not have the information necessary to make
8 responsible decisions concerning this project. In
9 effect, in the adopted plan, to proceed with
10 construction, the Authority will be gambling, risking a
11 substantial amount of funding while causing widespread
12 impacts on resources and communities. The business plan
13 offers the Authority an opportunity. A critical
14 juncture at this point is how it has addressed some of
15 the most serious problems that have plagued this
16 project. Those problems have happened all over the
17 project. The business plan either sends them away or
18 crosses them over. First, how much will the project,
19 and more immediately the EIS, really cost to complete as
20 explained repeatedly in public comment. The business
21 plan substantially underestimates the project cost. It
22 does not factor in the full cost for a new station,
23 mitigation for impacts, right-of-way property
24 acquisition, et cetera. And the plan provides no
25 substantiation for its optimistic estimates for

1 construction costs in marked contrast to support for
2 other estimates in the plan.

3 Second, where will the Authority get the funding
4 necessary to complete the EIS? The business plan offers
5 only generalized explanations of potential sources for
6 the more than \$20 billion in necessary additional
7 funding for the EIS, but it does not provide any
8 indication of the likelihood of this funding. Starting
9 on construction before funding for EIS is secure may not
10 be a responsible decision. But the Authority is forging
11 ahead because, in essence, federal funding is becoming
12 the tail that wags the dog.

13 Third, what will the Authority build with the
14 available funding? The ICS will need new stations that
15 will be used by Amtrak indefinitely until the EIS is
16 completed. It will also cause community impacts to
17 wetlands, biological resources, air quality, agriculture
18 lands, necessitating costly mitigation efforts. I don't
19 think the State and Federal funding will most likely not
20 sufficiently complete the entire ICS.

21 Finally, if the Authority cannot produce with
22 available funding at usable segments of the project,
23 will all the destruction, dislocation, interference
24 impacts, and expenses be worthwhile? Thank you for
25 considering my comments.

1 CHAIRMAN RICHARD: Thank you, Mr. Holder.

2 Robert Allen followed by Jeremy Smith.

3 Good morning, Bob.

4 MR. ALLEN: Last month, I proposed rephrasing
5 high-speed rail in northern California to make it a
6 Phase 1, Merced to San Jose; Phase 2, Merced to
7 Sacramento; Phase 3, San Jose to Oakland; Phase 4,
8 Oakland to Sacramento; Phase 5 San Jose to San
9 Francisco. Defer pending plans to upgrade and grade
10 separate the Caltrain line.

11 I'm concerned about grade crossings. The --
12 high-speed rail should not have grade crossing and I
13 have said -- given you a copy of the report of the
14 Wikipedia account of the 1999 Illinois train accident.
15 At that time, the trains were going -- the speed limit
16 was 79 miles an hour. The same that it is on Caltrain
17 today, and we had derailment. The train hit a truck
18 that was loaded with steel at a grade crossing. It was
19 an accident, but they derailed two locomotives. They
20 derailed 11 of 14 cars. They killed 11 people. They
21 injured 122. I gave an erroneous figure on the injuries
22 on some of it, but it is 122. I'm saying don't allow
23 blended rail where you have grade crossings. Defer that
24 until after the Caltrain line is grade separated and
25 that you not wasting any more -- don't scrounge any more

1 high-speed rail money on Caltrain until you can get an
2 insurance that there will be grade separations. We
3 cannot have grade crossings on high-speed rail. Thank
4 you.

5 CHAIRMAN RICHARD: Thank you, Mr. Allen.

6 Jeremy Smith followed by Vida Wright.

7 MR. SMITH: Thank you, Mr. Chair, members of
8 the board and staff for time to address you today. I'd
9 like to say, first of all, I'm appearing for the State
10 Building Council, represent 400,000 union and
11 construction workers in California. I'd like to, first
12 of all, say thank you for enduring throughout this
13 project. The slings and arrows and bombs that have been
14 thrown your way -- some reasonable, some unreasonable.
15 You have pushed forward. You haven't given up and
16 because of that, we are -- you are poised to approve a
17 plan that is going to create thousands of good-paying
18 jobs for construction workers in an area of the state
19 that badly needs that influx of activity. You're also
20 going to begin construction on a project with this plan
21 today that is vitally needed. It's a critical part of
22 the state's infrastructure plan. There's going to be 50
23 million people in the state by 2050. We need this. The
24 LAO itself, Legislative Analyst's Office, itself said to
25 be able to create the number of freeway miles, airport

1 terminals, and runways, it would cost double this
2 project. We need this to be part of our infrastructure
3 plan in the state. The folks that come up and just say,
4 "no," and obstruct with the intent to kill don't have
5 another plan and that's unfortunate because this is
6 needed -- a needed part of our state's future.

7 And I'd also just like to say we think this is a
8 solid plan. It's been well thought out, and I'd like to
9 thank you for the transparent nature that you have
10 conducted yourself with this plan and coming before the
11 Legislative Budget Subcommittees to talk about your
12 budget in this plan. There's been few projects in this
13 state that have had the spotlight on them as much as
14 this plan has and your transparency is, I think, is much
15 appreciated.

16 And finally, I'll just finish with this, at the
17 last budget subcommittee hearing, for the first time,
18 there was a gentleman there that spoke in favor of the
19 project on behalf of different venture capitalist funds.
20 And it was the first time somebody like him showed up
21 and talked about, on behalf of venture capitalists,
22 thanking the Governor for the plan to use cap and trade
23 money. The money, the private money, is there, and we
24 are on the cusp of getting it, and this plan is going to
25 drive the private investment. So thank you.

1 CHAIRMAN RICHARD: Thank you very much,
2 Mr. Smith.

3 Vida Wright followed by Roseann Martinez.

4 MS. WRIGHT: Chairman Richard, distinguished
5 members of the board, good morning. My name is Vida
6 Wright. I'm a resident of California. I'm a small
7 business owner, and I'm also the California Regional
8 vice president for the Society of American Military
9 Engineers. I have attended these board members for the
10 last two years, and what I have observed is that the
11 public comments of the board meeting is usually
12 populated by the negative comments and assertion is
13 directed at California high-speed rail project, but this
14 project has many silence supporters, and I believe it's
15 time for us to speak up. Our state needs this project
16 not to only modernize our transportation system, you
17 know, reduce greenhouse gases, contribute to the
18 reduction of our increasing air pollution problems up
19 and down the state, but we need this project to provide
20 engineering and construction jobs that are badly needed
21 by our economy. We certainly empathize with those who
22 may be adversely affected by construction of this
23 project. And we trust that the Authority is doing
24 everything in its power to compensate those impacted in
25 a fair and equitable manner, but without investment in a

1 major infrastructure project, such as high-speed rail,
2 the unemployment rate in California is bound to
3 escalate.

4 Secretary of Defense, on February 24th, announced
5 that due to budget costs and troop withdrawals from
6 Afghanistan, the Department of Defense will be making
7 hundreds of thousands of soldiers and DOD civilians in
8 the next two years. California will get a share of
9 these returning vets and investment in a major
10 infrastructure project that will provide additional job
11 opportunities for everyone including them, these
12 veterans, these men and women who have served our
13 country, will be joining the long list of unemployed in
14 the State of California. These are men and women who
15 are still engineers, technicians, communication experts
16 and have many other skills that can be put to use to
17 rebuild our aging infrastructure. And I also believe
18 our veterans deserve to return to an environment that
19 provides them with opportunities for gainful employment
20 so they can support their families. Thank you very much
21 for your time and thank you for allowing me to speak.

22 CHAIRMAN RICHARD: Thank you, Ms. Wright,
23 and I apologize. I slightly mispronounced your first
24 name, but thank you.

25 Roseann Martinez followed by Keith Dunn.

1 MS. MARTINEZ: Good morning. Thank you very
2 much. I appreciate the opportunity to speak today. I'm
3 a woman who is self-employed for the last -- since 1982
4 to the present. I have had my office for going on --
5 over 15 years. My business has been established at a
6 location where all my clients could easily find. I
7 believe that, from the beginning, it was -- the way this
8 high-speed rail train was presented to me was wrong from
9 the beginning, from the point where I have this person
10 come and he was scaling the, the price of my property
11 from across the street. He did it without me even
12 knowing what he was doing. I didn't even know what he
13 was doing. He came onto my property illegally. He
14 didn't knock at my door. He didn't tell me, "I need to
15 come in and -- " he didn't even say his name. I found
16 him on the surveillance camera, and I ran out, and I
17 thought he was trespassing, so I approached him and I
18 said, "What are you doing," and he says, "Well, it
19 doesn't matter. You're going to be out of business real
20 soon anyway." He told me this, and I go, "What are you
21 doing? You didn't even ask my permission to come onto
22 my property. You need to leave." And he says, "It
23 doesn't matter. We're going to get you anyway." So I
24 watched him from the camera from across the street, and
25 he was scaling my property from across the street. I

1 have a really beautiful office.

2 How could I trust you that you're going to be
3 right with me when you take my office and you're going
4 to try to give -- do what's right by me and what my
5 property is valued at when this man just did it from his
6 car? That was wrong.

7 I'm in good standing with my community. I'm
8 involved with every different organization. It's not
9 just me. I'm involved with my church. I have outreach
10 to everybody. My children are graduates. My daughter
11 is going to have her Ph.D. soon, probably within a
12 matter of months. My job is to work to send my daughter
13 to finish her Ph.D. My son is in engineering, and I
14 need to continue to work. That's what I have been
15 doing. I love my job. So I am happy and I love my
16 family and I want them to -- I want our young adults to
17 progress in this country.

18 Another thing is why didn't you get the project
19 done by Americans? Why didn't -- why wasn't it scaled
20 by American made? I love our country. Why do we have
21 to have a foreigner come out here and try to build
22 something when he doesn't even understand that
23 California is -- has a lot of earthquakes every day.
24 Now we're going to call this foreigner in from another
25 country when this country gets -- California gets rocked

1 in the wrong way, he's going to fix it? I don't think
2 so. We're going to be out more than the money that we
3 put into it.

4 I think you need to think about it a little bit
5 more and not just how I'm affected at every issue that I
6 mentioned at this point. And yes, we should get our
7 Americans, and it should be just Americans back to work.
8 I believe that. This is America. My father is Purple
9 Heart, Battle of the Bulge, and he showed me and he
10 taught me. He was -- my mother and my father. He
11 showed me strong. It is wrong for you to have
12 approached me from the beginning and now tell me I'm
13 going to be okay. That's, that's all I need to tell
14 you.

15 CHAIRMAN RICHARD: Okay. Thank you, Ms.
16 Martinez.

17 Keith Dunn and he'll be followed by Supervisor
18 Perea.

19 MR. DUNN: Thank you, Mr. Chairman, board
20 members. I wanted to -- I'm here on behalf of the
21 Association for California High Speed Trains. I know,
22 like you, I would express support for the previous
23 speaker and her rights and property, and I think that
24 none of us would support an interaction like she's
25 described. So I'd like to first just offer that. At

1 this corner of the project and I know you as board
2 members and staff are not supportive -- would not
3 support any interaction that was described and we hope
4 that that's an isolated incident and that's not okay.
5 And that's not how we want to do business, and I know
6 that's not how you want to do business.

7 I'd like to start my comments just briefly to
8 offer kind words to your staff and specifically to your
9 CEO, who I have the opportunity to meet with on a weekly
10 basis lately so I can see and talk about your business
11 plan with the legislature. It's a plan which I have
12 read, and I must confess, I didn't catch the grammatical
13 or punctuation errors, which may be more to do with my
14 days as a college football player and lack of ability to
15 recognize certain things than others, but I did read it.
16 I will go back with my red pen and see if I can find it
17 as well, but I'd like to commend CEO Morales. He has
18 done an excellent job in talking about the plan,
19 responding to comments from the legislature, who are
20 very aggressive, who do have concerns. This project has
21 gotten more scrutiny, deservedly so, than anything, and
22 I have been in this business for some time. And your
23 staff represents you well. Your business plan does
24 look -- incorporates the Governor's vision of rail
25 modernization. California, as Mr. Smith noted, has a

1 growing population, and this project will not only
2 address the human need but also the freight needs,
3 modernize our system, provide air quality improvement in
4 bringing the Central Valley jobs that it's lacked for,
5 for decades.

6 So with that, I just would like -- there is good
7 news out there. Your staff represents you well. It
8 never was going to be easy. We all knew that. But
9 you're committed to continue down that process and plead
10 that that document is a living document as far as your
11 business plan. You're taking comments. You're
12 incorporating them into them and then keeping the
13 legislature apprised of their progress. So I would just
14 commend you to keep on talking, and thank you very much.

15 CHAIRMAN RICHARD: Thank you, Mr. Dunn. You
16 played football. I know Mr. Morales played baseball in
17 high school. I don't know what position he played, but
18 right now it's probably like catcher coming away from
19 all these hearing with a lot of foul tips and bruises
20 and so forth. But he has the confidence of the Board,
21 and I appreciate your comments.

22 Supervisor Perea.

23 MR. PEREA: Mr. Chairman, members of the
24 Board. I played soccer. So -- like to, to -- on behalf
25 of Fresno Works -- come in and represent and explain and

1 discuss what these efforts that we're engaged in, in
2 Fresno, Fresno County. First, as we met, Commissioner
3 Selby, it was great to talk to you about what we're
4 doing in Fresno County and what our position is, and
5 welcome you to this board. Also, like to actively
6 support your efforts today, updating your 2014 business
7 plan. I think it's right on point. I know you're
8 taking comments, and that's great. That's what the
9 whole deal is all about, but I also want to talk about
10 Monday. We had a very interesting vote at Fresno State.
11 President Castro was very engaged in support of
12 high-speed rail. Mr. Morales was at our summit on
13 monday making a presentation to engineering students
14 about the future of high-speed rail and how it will all
15 fit, and I think that segues into where we all are
16 today. Obviously, the number one goal is creating a
17 transportation system up and down the state that will
18 move people and the growing population. At the local
19 level, we one hundred percent support that, but we
20 also -- as we have talked about here before, we also
21 support your upcoming decision to place a maintenance
22 facility somewhere in this valley. So we're here to
23 share with you that -- the efforts that we're engaged in
24 and to tell you that there is value, that we will be as
25 competitive as we can be as you reach your decision

1 point. But we -- between our university, who has gone
2 to other countries to study other curriculums, they are
3 continuing to do so to strengthen that program. Our
4 community college system is doing the same thing, and
5 our EMS, our fire service, our police service are
6 currently in the phase of talking about the plan and the
7 extent of the plan of how they can provide services to
8 the facility.

9 And that segues into my final comment, which is
10 as big as high-speed rail is for California and as much
11 as we want that main facility, our vision is bigger, and
12 I think a lot of folks' vision is bigger in terms of the
13 fact that one day high-speed will be shooting across
14 this county. I don't think there's any doubt in
15 anybody's mind that that's going to happen. Just a
16 matter of from what point is it going to come, from the
17 northeast to here or here to the northeast. I think
18 that's part of the battle, but it's going to be from
19 California to the rest of the country, and our vision is
20 to position Fresno County as the high-speed rail capital
21 of the world. And we talked about this at our rail
22 summit last month -- rather last week -- and we had FRA
23 commission there and invited us to come back to
24 Washington to talk about our transition. We talked
25 about our training and education and facility in Fresno

1 County, and they wanted to hear our story. So we're
2 preparing our game. We have a lot of work that we've
3 done, and we're going back to Washington next month to
4 lay out and make our case to them. So continue to do
5 good work. I appreciate what you're doing, and I think
6 one day, we're all going to be riding this train. Thank
7 you.

8 CHAIRMAN RICHARD: Thank you, Supervisor. I
9 appreciate it.

10 Our last speaker, definitely last but not least,
11 is Mayor Pro Tem of Anaheim, Kris Murray, who I
12 understand had to battle the airlines this morning to
13 get here.

14 You know, there is a better way.

15 MS. MURRAY: Yeah, I'm looking forward to
16 taking the train next time. Good morning, Mr. Chairman,
17 members of board. Thank you for the opportunity to be
18 here today, on behalf of Anaheim and Orange County, in
19 strong support of this important project and to speak in
20 support of the draft 2014 business plan for California
21 high-speed rail. This plan reflects the Phase 1
22 high-speed rail system connecting San Francisco and
23 Merced with Los Angeles and Anaheim through the phase
24 and blended implementation of a one-seat ride that was
25 originally adopted in the 2012 business plan, and

1 Anaheim entered into the MOU with the High Speed Rail
2 Authority and other participating southern California
3 transportation agencies to identify and move forward
4 with the program with early investments in the regional
5 and local rail systems to facilitate this blended
6 approach described in the 2012 business plan. This
7 approach will provide -- I should say -- calls for the
8 High Speed Rail Authority to provide \$1 billion in
9 proposed Proposition 1-A funds by 2020 for potential
10 early investments and important projects across the
11 state. The southern California region, specifically
12 projects in the Anaheim, Los Angeles, and Palmdale
13 segment were allocated 500 million of that funding to be
14 used by agencies through the MOU with the High Speed
15 Rail Authority. And these projections eligible for Prop
16 1-A funding, they include -- I'm sorry -- include three
17 in the Anaheim and Orange County area and one being at
18 State College Boulevard, an important grade separation
19 for the Los Angeles, Orange, San Diego corridor, which
20 is the second busiest commuter rail corridor in the
21 country today.

22 I'm here today standing in strong support,
23 representing not just Anaheim but greater Orange County
24 contingency of agencies but also community members, and
25 if there's any doubt, please don't let it remain.

1 Orange County supports this project. We're so tired of
2 hearing that the support stops at the Los Angeles line.
3 You have support from Orange County going south but I'm
4 hear today specifically with an awful lot of letters --
5 well, I have to say it -- 2013-2014 Pacific Division
6 Champions as of last night, our Anaheim Angles,
7 Disneyland Resort, the Orange County Business Council,
8 the Anaheim Orange County Commission of Visitors Bureau,
9 and we just approved expansion plans for that important
10 facility, the Anaheim Chamber, and the Anaheim Grove,
11 our closet venue, and the City of Anaheim. You have
12 tremendous support in Orange County and Anaheim. Thank
13 you for this very thoughtful approach. Thank you for
14 keeping Los Angeles and Anaheim in that one-ticket ride.
15 That destination is very important to us, and later this
16 year, I hope you can all join us for a ribbon-cutting on
17 the Anaheim Regional Transportation Intermodal Center,
18 which will be your center. It is going to be an
19 incredible new -- it will be our Grand Central Station,
20 intermodal facility serving, for the next hundred years,
21 riders and travelers in the southern California region,
22 the centerpiece of the Los An Corridor. We're very
23 proud of it, and if anyone can come, we'd love for you
24 to be a part of it, and we'd certainly want to extend
25 the invitation for you to join us in November of this

1 year for that important ribbon cutting. We are
2 investing locally to be ready for you. This project is
3 critical to the State of California. It's critical to
4 our own region, and thank you so much for the incredible
5 work of your staff and your board, of the legislature to
6 come together collaboratively with the local agencies to
7 make sure this project is a success. Thank you.

8 CHAIRMAN RICHARD: Thank you, Mayor. Really
9 appreciate that and your trip up here, and, you know,
10 one of the prior speakers, Mr. Allen, was talking about
11 the importance of minimizing grade separations, and I'm
12 happy that the work that we are doing in Orange County
13 is in Anaheim and looking at the important grade
14 separations there, and I think that's been a great
15 collaboration with the City, and we know we have a lot
16 of support in Orange County. It's just that there's a
17 little unevenness in the political leadership throughout
18 the county perhaps.

19 MS. MURRAY: And grade separations are
20 critical not just to safety but the environment. So you
21 have strong support from us for any important grade
22 separations. They're costly. We couldn't get them all
23 done without the Authority's support and early
24 investments.

25 CHAIRMAN RICHARD: Mayor, thank you very

1 much.

2 MS. PEREZ-ESTOLANO: It would be great if
3 all of us could get the invitation for the event.

4 CHAIRMAN RICHARD: I'm sorry?

5 MS. PEREZ-ESTOLANO: It'd be great if all of
6 us could get the invitation for this, because I'm in LA.
7 I'd be happy to --

8 CHAIRMAN RICHARD: It sort of depends on
9 what you do up here.

10 MS. PEREZ-ESTOLANO: Be great to see you
11 again.

12 CHAIRMAN RICHARD: Yeah, we Oakland As fans
13 would certainly like to attend.

14 Okay. With that, we close the public comment
15 period. I should have done that first before the
16 approval of the board minutes. I don't know why -- I
17 was just a little sleep deprived this morning. Sorry
18 about that -- going a little bit out of order but thank
19 you, everybody for coming. Many of our speakers come
20 from long distances, and we do value your comments.

21 The next item that is on the agenda, since the
22 board minutes have been approved now, is the initiation
23 of strategic and succession planning process, and I
24 understand, Mr. Morales, that is going to be withdrawn
25 from today's agenda and come back in the future. And

1 let me just also apologize to Dennis Trujillo, who has
2 been working very hard on this and has been trying to
3 talk to me about this all week, but I have been tied up
4 in other things.

5 But, Mr. Morales, do you want to talk about what
6 the path forward is on this.

7 MR. MORALES: Great. Mr. Chairman, what
8 we're doing is going back and looking at the strategic
9 planning process and documents to make sure that we're
10 taking full advantage of what's in it already before we
11 start forward with any sort of new planning. So it's
12 not just a strategic plan, but it's a very important
13 succession plan, and so what we will do is come back at
14 a future meeting and update the board on where we are in
15 that process and what the next steps will be going
16 forward.

17 CHAIRMAN RICHARD: And I just want to warn
18 the staff that when I get the draft strategic planning
19 process, I'm going to hand it to my wife, who was the
20 vice president of strategic planning of a Fortune 100
21 company. I'm going to ask her to take a look at it.

22 All right. We'll move on to Item 3, the approval
23 of amendment to the STV regional consultant contract.

24 Mr. Morales, do you want to introduce this or
25 Mr. Jarvis?

1 MR. MORALES: Scott Jarvis will present. I
2 think the approach here is consistent with what we have
3 laid out to the board previously, which is when
4 contracts are up for renewal, our default position is to
5 re-compete and then we go through a process then of
6 looking at the pros and cons and whether there are
7 mitigating circumstances that would be in the best
8 interest of the state to do something else, and so I
9 just want to make sure you understand that as the
10 backdrop of this.

11 CHAIRMAN RICHARD: And we have had those
12 conversations about balance. And so --

13 MR. MORALES: And so these are both time
14 extensions with no additional funding in order to allow
15 for a transition period, but Mr. Jarvis can run through
16 the particulars.

17 MR. JARVIS: Good morning, Mr. Chairman,
18 board members. My name is Scott Jarvis. I'm the
19 assistant chief program manager, and as Mr. Morales
20 mentioned, the purpose of this presentation is to seek
21 board authorization to negotiate and execute the
22 contract amendment to STV Incorporated to extend the
23 contract for time up to a nine-month extension through
24 March 31st, 2015 and to require STV to comply with the
25 Authority's 30 percent small business participation goal

1 for Los Angeles to Anaheim project section and to
2 develop a draft Request For Qualification for
3 re-procurement of this contract.

4 So STV Incorporated, they're the regional
5 consultants for this stretch, from Los Angeles to
6 Anaheim, and the contract with STV was awarded on
7 December 29th, 2006. And the original contract value
8 was \$21.4 million or in the scope was preliminary
9 engineering and project specific environmental work, and
10 the contract has subsequently been amended through the
11 modifications and refining of the project scope of work
12 so that the existing contract value is \$50 million. And
13 as of March 2014, approximately \$36 has been expended on
14 this project section, and the STV contract is scheduled
15 to expire on June 30, 2014.

16 In the contract, the work is based on the annual
17 work plan, and the regional consultant, RC, only
18 performs duties that the Authority has agreed to by
19 approval of its annual work program, and staff has
20 determined that the work under AWC can be completed in
21 the most efficient and cost effective manner by STV. So
22 staff recommends amending the contract with STV on this
23 section by extending the duration for nine months,
24 through March 30, 2015, to complete critical tasks.
25 This amendment does not include any increase in the

1 contract dollar amount. It is consistent with the
2 contract budget amount projections contained in the
3 draft 2014 business plan. And, again, proposed
4 amendment would extend contract duration for nine
5 months, through March 30th, 2015.

6 So the scope of work is completion of
7 supplemental alternative analysis, stakeholder
8 engagement activities, coordination with public
9 agencies, stationary planning, and 15 percent
10 preliminary engineering as required to complete
11 supplemental alternative analysis. So extended contract
12 duration will enable the Authority to retain the team's
13 expertise and experience, maintain continuity and
14 momentum for completing this work, and allow an
15 effective transition after the contract is re-procured.
16 So the amendment would further require STV to comply
17 with the Authority's small business and disadvantaged
18 enterprise program and the applicable 30 percent
19 participation goal for small businesses.

20 So to summarize, staff recommends to the board,
21 approve contract amendment with STV to extend contract
22 duration for nine months through March 30 and require
23 STV to comply with the Authority's 30 percent small
24 business participation goal for the Los Angeles to
25 Anaheim section, and then in addition, to direct staff

1 to proceed with preparation of a new solicitation for
2 the RC contract for the Los Angeles to Anaheim project
3 section.

4 CHAIRMAN RICHARD: Okay. Questions from
5 members of the Board.

6 Ms. Perez-Estolano.

7 MS. PEREZ-ESTOLANO: Yes. Thank you very
8 much, Chair. I have a quick question, Scott. I'm
9 trying to understand what we're doing actually -- what
10 staff is doing while the STV is continuing the ongoing
11 work of the staff -- our staff are going to be basically
12 drafting an RFQ for that phase of work but the next
13 piece of work -- is that right -- because there's that
14 second line and you read past it, "staff will develop a
15 draft RFQ for the new procurement of this project,"
16 which is the second piece of the staff recommendation,
17 but essentially, STV is going to continue the work, but
18 you were going to work on a new RFQ.

19 MR. JARVIS: Correct. We're going to
20 concurrently, while STV is going to continue to work for
21 the next nine months, we will work on the re-procurement
22 of, of a follow-up contract during that time period. So
23 yeah. So those will be concurrent activities. So they
24 will go through the procurement process to select a new
25 regional consultant during the time period.

1 MS. PEREZ-ESTOLANO: Okay. And then in
2 terms of the new RFQ, are there additional elements
3 within that and if -- are there any new considerations
4 within the RFQ, the new one?

5 MR. JARVIS: The scope of work would
6 essentially be the same, the -- working towards
7 environmental and preliminary engineering to support
8 that environmental clearance. I mean, there will be
9 that -- the Authority's 30 percent small business goal
10 will be part of that RFQ, which wasn't part of the
11 original RFQ, you know, several years ago when this was
12 procured.

13 MS. PEREZ-ESTOLANO: And will STV be allowed
14 to submit a response to the RFQ as well?

15 MR. JARVIS: Yes.

16 MS. PEREZ ESTOLANO: Okay. I just want it
17 to be clear. Thank you.

18 CHAIRMAN RICHARD: Okay. Mr. Morales.

19 MR. MORALES: It was -- Scott noted it
20 several times, but I just want to make sure it was
21 clear. These contracts when they were originally
22 awarded, did not include -- they were awarded prior to
23 the small business goal and did not include that. So
24 even though this is just an extension of time, as we
25 have committed to with the award, with every new

1 contract, even if it's just an extension, we're
2 asserting that 30 percent requirement now in all of the
3 contracts so that it doesn't apply retroactively, but it
4 now says as of this contract extension, if approved,
5 that thirty percent does apply. So it really is, again,
6 part of our ongoing commitment to make sure that we
7 achieve those goals.

8 CHAIRMAN RICHARD: Very good.

9 Other questions?

10 If not, we'll entertain a motion.

11 MR. FRANK: So move.

12 CHAIRMAN RICHARD: Moved by Director Frank.

13 MR. HARTNETT: Second.

14 CHAIRMAN RICHARD: Seconded by Vice-Chair
15 Hartnett.

16 Secretary, please call the roll.

17 MS. NEIBEL: Vice-Chair Hartnett.

18 MR. HARTNETT: Yes.

19 MS. NEIBEL: Ms. Selby.

20 MS. SELBY: Yes.

21 MS. NEIBEL: Mr. Rossi.

22 Ms. Schenk.

23 MS. SCHENK: Yes.

24 MS. NEIBEL: Ms. Perez-Estolano.

25 MS. PEREZ-ESTOLANO: Yes.

1 MS. NEIBEL: Mr. Henning.

2 MR. HENNING: Yes.

3 MS. NEIBEL: Mr. Frank.

4 MR. FRANK: Yes.

5 MS. NEIBEL: Chairman Richard.

6 CHAIRMAN RICHARD: Yes. Thank you.

7 Mr. Jarvis, it looks like you're up on Item 4 as
8 well.

9 Hold on one second

10 MS. PEREZ-ESTOLANO: I apologize, Scott. I
11 actually need to step out on this matter, because it
12 pertains to a contractor that, before I was appointed, I
13 was doing some work with and now I need to step out.

14 MR. JARVIS: Okay. This is a similar
15 presentation where the purpose is to seek board
16 authorization to negotiate and execute the contract with
17 AECOM to extend contract for time up to a one-year
18 extension through June 30th, 2015 and to require AECOM
19 to comply with the Authority's 30 percent small business
20 participation goal.

21 So AECOM is the regional consultant for the
22 Altamont Corridor section, and the contract with AECOM
23 was awarded on November 12th, 2008, and the original
24 contract value was \$55 million for preliminary
25 engineering and project specific environmental work, and

1 as of March 2014, approximately \$8.2 million has been
2 expended on the Altamont Corridor, and the AECOM
3 contract with the Altamont Corridor section expires on
4 June 30th, 2014. So the contract -- again, this
5 contract is based on the annual work plan, and the RC
6 only performs duties that the Authority has agreed to
7 through the approval of the annual work program.

8 In June 2013, the Authority adopted a new updated
9 agreement with the San Joaquin Railroad Regional Rail
10 Commission, referred to as SJRRC. So as a result of
11 this revised agreement with the SJRRC, the commission
12 staff agreed to managed future work in the Altamont
13 Corridor on behalf of the Authority. And SJRRC has
14 requested consideration for this time only extension and
15 is in the process of transferring \$4 million of funds to
16 advance the work on this segment. So staff recommends
17 amending the contract duration with AECOM on the
18 Altamont Corridor by extending duration for one year,
19 June 30th, 2015 in order to facilitate permanent
20 transfer of the consultant agreement to SJRRC and
21 coordinate the appropriate funding mechanism to
22 accommodate distribution of future Proposition 1-A
23 funds. So the amendment does not include any increase
24 in contract capacity or dollar amount and is consistent
25 with the draft 2014 business plan. And so the proposed

1 amendment would extend the contract duration through
2 20 -- 30th, 15, and it would cover the following general
3 services: Continue planning, engineering work,
4 negotiation of an agreement to fully and permanently
5 transfer oversight and management of the Altamont
6 Corridor to SJRRC, and identification of the appropriate
7 process that would permanently facilitate the future
8 transfer of legislatively allocated state funding to the
9 SJRRC. So extending the contract duration will enable
10 the authority to retain the team's expertise and
11 experience, maintain continuity and momentum, and allow
12 an effective transition after the procurement. So in
13 addition, similarly, this amendment will further
14 requirement AECOM to comply with the Authority's small
15 and disadvantaged business enterprise program and the
16 applicable 30 percent goal.

17 So in summary, staff recommends that the board
18 approve the contract amendment with AECOM to extend the
19 contract duration for one year through June 30th, 2015
20 and require AECOM to comply with the Authority's 30
21 percent small business participation goal through the
22 Altamont Corridor section.

23 CHAIRMAN RICHARD: Thank you, Scott.

24 Mr. Morales: -- I'm sorry. Why don't we go with
25 Ms. Selby first.

1 MS. SELBY: I just had a quick question just
2 about the 8.2 million is what has been spent here before
3 us. How is it going to be possible to expend the rest
4 of it? I mean, there's only an additional year. So
5 that's -- is it just the nature of the project that it
6 speeds up rapidly?

7 MR. JARVIS: We don't expect that the entire
8 contract value will be reached over the next year. We
9 do expect that there will be an acceleration in the work
10 being done, but it's unlikely that the full 55 million
11 contract value will be reached.

12 MS. SELBY: And then a second question is
13 when did you add the small business 30 percent? When
14 did that happen? What year?

15 MR. JARVIS: As far as the policy --

16 MS. SELBY: Uh-huh.

17 MR. JARVIS: -- by the board?

18 I need help on that one.

19 MR. MORALES: I believe it was August of
20 2012 when the board adopted the goal, and so every
21 contract since then has included it, and so what this
22 allows us to do is go back and insert it into the prior
23 contracts.

24 MS. SELBY: Thank you.

25 CHAIRMAN RICHARD: Okay. Mr. Morales.

1 MR. MORALES: Just one other point of
2 clarification, particularly for our newer members to put
3 these times extensions in some context, normally, we
4 would want to start the re-procurement processes to do
5 it without having to provide a time extension. The
6 reason we're doing this here is originally, all of these
7 contracts, all of the regional contracts as well as the
8 program management contracts and some others, were all
9 enacted at the same time and all end at the same time.
10 We worked over the last year to start renewing or acting
11 on those contracts and get them on a staggered schedule.
12 And so -- but going forward, we would not anticipate
13 that that would work to avoid having to provide time
14 only extensions and instead would actually suggest a new
15 procurement or whatever the appropriate action would be
16 upon determination of the contract. But we have to come
17 back in this case, and we're not quite there yet. These
18 contracts, otherwise, would expire at the end of June of
19 this year. So that's why we're doing the time only, but
20 going forward, we do everything we can to avoid that
21 sort of extension.

22 CHAIRMAN RICHARD: And just picking up on
23 Ms. Selby's question, I would just want to get
24 comfortable that knowing that that policy is defaulting
25 toward re-procurement when these come due that we not

1 get into, kind of, last minute spend-a-thon situations
2 with the existing contractors. So these are task-driven
3 contracts; is that right?

4 MR. MORALES: Yes, that is. That is
5 correct. And all of the contracts are up-to amounts.
6 So they are based on an estimate at the time of what
7 sort of work will be done, but the contractor cannot do
8 anything without specific directive from the Authority,
9 and in this case, with the San Joaquin Regional Rail
10 Commission, as to what activities they can partake, and
11 it's part of an annual work plan that's developed that
12 ties to the scope of the overall contract.

13 CHAIRMAN RICHARD: Okay.

14 MR. JARVIS: That the Authority contract
15 manager reviews and authorizes the work.

16 CHAIRMAN RICHARD: All right. I'll
17 entertain a motion on this.

18 MR. SCHENK: Move.

19 CHAIRMAN RICHARD: It was moved by Director
20 Schenk.

21 MR. HARTNETT: Second.

22 CHAIRMAN RICHARD: Seconded by Vice-Chair
23 Hartnett.

24 Will the secretary please call the roll.

25 MS. NEIBEL: Vice-Chair Hartnett.

1 MR. HARTNETT: Yes.

2 MS. NEIBEL: Ms. Selby.

3 MS. SELBY: Yes.

4 MS. NEIBEL: Mr. Rossi.

5 Ms. Schenk.

6 MS. SCHENK: Yes

7 MS. NEIBEL: Ms. Perez-Estolano.

8 Mr. Henning.

9 MR. HENNING: Yes.

10 MS. NEIBEL: Mr. Frank.

11 MR. FRANK: Yes.

12 MS. NEIBEL: Chairman Richard.

13 CHAIRMAN RICHARD: Yes. Thank you.

14 Okay. The next item then is the consideration of
15 the draft 2014 business plan update.

16 I'll give Ms. Perez-Estolano time to get back in
17 the room.

18 Mr. Morales.

19 MR. MORALES: Thank you, Mr. Chairman. So
20 we are now to the agenda item regarding the 2014
21 business plan. Just as a reminder of what this plan is,
22 what's required of it, and what is included in it, there
23 are specific statutory requirements for the business
24 plan including calling it a "business plan" and those
25 statutes laying out very specific elements of it. As we

1 have noted, for the 2012 plan, really set the direction
2 for the Authority in terms of its implementation of the
3 program and this plan builds on it, but it includes
4 important updates of the plan as required under the law
5 and as required as a good business practice, those being
6 things such as updating the demand, forecasting the
7 operation to maintenance costs, and laying out the next
8 steps. We have proceeded, after release of the plan on
9 February 7th, with the 60-day public comment period.
10 We'll talk more about the comments that we received up
11 to and including today. There have been various ways
12 for people to submit comments whether they be
13 individuals or organizations. We have received them
14 through each of these different means. Through the
15 website, majority of have been submitted as comments to
16 the website, but we also receive voice mails, letters,
17 and comments at the board's hearings on the issues and
18 at subsequent board meetings. Outreach has been
19 extensive to beyond those mechanisms, making sure the
20 public is aware of the plan and its contents and their
21 opportunity to participate in the process. There were
22 also three -- the legislature conducted three hearings
23 at which they heard the business plan and commented on
24 it. We had a number of briefings with our regional
25 transportation partners to take their comments and

1 engage with them on it.

2 Prior to today's meeting, we received a total of
3 165 comments. You can see the breakdowns of the
4 categories of how they came in. All of those comments
5 have been provided to the board and to the public for
6 their consideration, posted on the website, and we will
7 continue to do that, and upon conclusion and
8 finalization of the plan, all comments received will be
9 on the website and remain available for people to be
10 able to see them going forward. This is a general
11 breakdown of the comments by several different
12 categories in terms of when comments came in, what
13 sections they pertain to, and the general sense of the
14 extent to which comments were rather generic or were
15 very specific in their sense of -- just to give a sense
16 of the amount of analysis done at the various comments
17 and categorization of them. We have broken the comments
18 for board consideration in two categories generally, and
19 you have those before you. First, are the, the really
20 technical changes, the errata sheet. Mr. Dayton was
21 quite right. There were some mistakes made, some
22 editorial issues, that needed to be cleared up. Also, a
23 number of administrative things that we just need to
24 update as we go from draft to final. Everything ranging
25 from literally removing the word "draft" from the

1 document wherever it appears to updating based on the
2 passage of time. For instance, in the draft, we noted
3 that the Caltrain environmental document would be coming
4 out. It has now been released, so we want to make sure
5 we reflect that in the final plan, and then also ensure
6 that the lengths that will be provided in the final plan
7 are updated. So the errata sheet is in front of you.

8 Nothing really of any controversy, that those are
9 technical corrections and fixes but certainly happy to
10 take any questions or comments on those items.

11 The second category of comments are the ones that
12 are more substantive in their nature and that they're
13 responding to specific comments and are additions to the
14 plan, changes in wording or emphasis. And we have a
15 number of those that came out of the different
16 discussions. One of them, for instance, being some
17 clarification about what a usable segment is versus a
18 initial operating segment, why that's important, how it
19 differs, how the two differ from each other. The
20 legislative hearings, in particular, on our budget
21 proposal on the business plan and on the Governor's
22 proposal for cap and trade funding, we have reflected
23 that more in the language before you, and, in
24 particular, SB535, which was a statute sponsored by
25 Senator DeLeon that requires that a portion of

1 greenhouse gas funds be expended in disadvantaged
2 communities and for the benefit of disadvantaged
3 communities. Our program, very much, ties into that,
4 look at where we are investing. There's a strong
5 correlation for disadvantaged communities and strong
6 benefit found there, so we describe that in the plan.
7 And then the peer review group and others have commented
8 on the need to provide some more clarification on the
9 business model going forward.

10 So those changes are all before you in -- with
11 the language that is proposed for inclusion in the -- in
12 the revised plan. So what we're seeking today is the
13 board's approval of the changes in the errata sheet as
14 well as what the staff recommended and then we are --
15 any comments that you heard in today's session that you
16 want to direct us to address in the revised plan to give
17 us that direction to do so, so that we can revise the
18 plan and submit it as required by the schedule.

19 With that, I'm happy to take questions or
20 direction.

21 CHAIRMAN RICHARD: All right.

22 So calling from my colleagues to weigh in with
23 their thoughts.

24 Ms. Perez-Estolano.

25 MS. PEREZ-ESTOLANO: Jeff, it's a great --

1 it's a great business plan -- draft document. And I do
2 appreciate the fact that we have talked about it -- this
3 is now our third board meeting that we have talked about
4 it -- and the public has had an opportunity to speak to
5 the plan, the draft document, several times. And I know
6 at the last meeting, I asked you what was the process
7 through which we were going to try and promote and
8 advertise the opportunity to hype in and to give comment
9 to the document. So I know that a lot of outreach was
10 done and whether it was on our social media platforms or
11 whatever. And so I know -- and I have heard people in
12 Los Angeles and southern California, saying, you know,
13 "We plan about commenting," so I know that that effort
14 was made. I know the team and staff side has really
15 worked hard to do that. So thank you for that.

16 I also appreciate very much the additional text
17 that has complemented the new document that -- I guess
18 the final document -- because I think it was important
19 and I think honestly possibly provides even more clarity
20 and detail that we needed. So specifically, I think it
21 was important to identify the MOU that we have with our
22 transit agency partners, where we specifically, kind of,
23 call out the investment that we're making throughout
24 the, the networks up and down the state. I think that
25 was important.

1 I can't tell you how relieved I am to see
2 specific language on SB535. I know that there has been
3 some questions raised as to, you know, high-speed rail
4 and cap and trade and certainly, 535 is, is a, kind of,
5 statement as to how those funds were going to be used
6 and the -- and I appreciate the significant addition in
7 terms of the text for 535. The one thing that I would
8 ask is that in 4.5 million, where we're distributing for
9 additional funding for planning at the local
10 jurisdiction, where it says, providing connections to
11 economic centers, and we have identified funds that are
12 going to be going to those communities, and I know,
13 talking to our team, that we're trying to get funds out,
14 and so I think what I'd like to see is -- and I don't
15 know how to do this -- but that there is a, an intention
16 from the high-speed rail to work in partnership both in
17 terms of planning but as well as the investment side.
18 And so I -- you know, it's been challenging to get those
19 funds out and -- for whatever reason. And so I don't
20 know if we can just make it clear, because we are making
21 investments in the stations, and we're working in
22 partnerships with the local jurisdictions, and going
23 forward, I think this board and this team wants to see
24 that happen. So, you know, we have -- we haven't
25 distributed 4.5, although, we have identified. So I

1 don't know how we can make the language more -- I don't
2 know. I don't want to wordsmith you guys, but I just
3 think -- I think -- we are trying. We are working hard
4 to do this. And so I would like to see that.

5 I also appreciate very much the additional
6 language on page 27 regarding our fiberoptics
7 opportunities in terms of providing access to
8 communities that presently do not have access to
9 internet broadband. And so those are issues that we, as
10 a board, will look at, at the policy level, but to me, I
11 think it is a phenomenal opportunity that high-speed
12 rail presents and it's not just a -- to me, it's more
13 than mobility. It's so much more than that, and so this
14 language that we're adding is new text and I think, to
15 me, is an important message.

16 MR. MORALES: I think that's an area --
17 appreciate the input that you have provided on this and
18 the push to look at this more closely. I think this is
19 an area where the Authority and others, frankly, haven't
20 really appreciated the fact as fully as we should that
21 part of what we're creating here is not just a train but
22 it's an asset to the state. It's a 520 mile dedicated
23 right-of-way that has the potential to achieve many
24 other purposes, fiber being certainly one of them, and
25 that was identified by Assembly Member Bloom, in

1 particular, in the hearing we had with him as something
2 that he sees as very important and, again, really
3 demonstrate the broader benefits of this investment to
4 the state, and, again, the fact that our right-of-way
5 will be going through all of the populations but also
6 goes through some of the most underserved areas of the
7 state in terms of access to wii-fii and to internet.
8 And so we're working with UC, working with the
9 technology agencies and others to look at how to
10 capitalize on that opportunity.

11 MS. PEREZ-ESTOLANO: I'd just like to offer
12 to my colleagues, having an opportunity to sit down with
13 one of UC commissioners and her telling me, basically,
14 you know, it's not just the Central Valley that needs
15 access to internet and broadband. It is Los Angeles
16 County, where the, the telecommunications providers
17 simply don't have towers, and so there's parts of LA
18 County that are underserved. And so it's more than just
19 the Central Valley. It's urban, metro LA, and when
20 we're talking about LA Unified School Districts with
21 Ipads and they go home and they don't have internet, and
22 so they can't do their assignment because they don't
23 have access. And so when you begin to, kind of, unfold
24 all this, it becomes economic development education
25 accessibility point to me, and I think that we have just

1 begun to understand not only as an operations but in
2 terms of, kind of, a policy directive that we have to
3 look at.

4 So I just wanted to say that the new plan has
5 informed ourselves about more things. It's getting --
6 it's much, much better and I'm excited to be able to
7 present this to the legislature and as we begin to, kind
8 of, fold out these new ideas and begin to take in these
9 new ideas about innovative and, kind of, creative
10 partnering that we can make this.

11 CHAIRMAN RICHARD: Thank you. Appreciate
12 these comments.

13 Other thoughts, inputs, comments from members of
14 the board?

15 Mr. Hartnett.

16 MR. HARTNETT: I agree with the comments of
17 our board colleague with respect of the clarification of
18 the language on the intent. I think that's a good
19 change, but just really a couple of questions for
20 Mr. Morales and our general counsel.

21 The comments today we received from the public
22 are not materially different from my reading of comments
23 that we have received at prior board meetings and
24 written communications to date. And those comments that
25 we previously have helped inform the board in terms of

1 our view of the adequacy of this plan as well as staff's
2 recommendations as to changes.

3 First question, Mr. Morales, to you, is there
4 anything that was received in public comment today that,
5 from your perspective, is materially different from what
6 was previously suggested to staff or the board that
7 would cause you to make any recommendations on changes
8 to the draft business plan?

9 MR. MORALES: Using the distinction of
10 material -- materially different, I would say, I don't
11 believe so. We will certainly go back and look at the
12 transcript, though, also to make sure we capture
13 whatever was made, but I think much of what we heard was
14 consistent with comments that we received already and
15 already factored into the revisions that we presented.

16 MR. HARTNETT: And that's my assessment as
17 well, but I just wanted to see if you had a different
18 perspective.

19 And Mr. Fellenz, with respect to any of the
20 issues brought up by any of the public commentators as
21 to the legal adequacy of the business plan, again, it
22 seems to me that most comments were previously delivered
23 to the board either in public hearings or in written
24 comments or otherwise, but same question as to
25 Mr. Morales, was there anything presented today in the

1 public comment that would cause you to make any
2 recommendations to the board any different than have
3 been previously made as to the legal adequacy or
4 sufficiency of the draft business plan?

5 MR. FELLEENZ: No, I have heard nothing today
6 that would change the opinion of myself and Mr. Morales
7 that what we have done so far in presenting this plan to
8 you is legally sufficient and that would include the
9 process that we have gone through and, which is the
10 60-day public comment period, and we have had -- a
11 requirement under the statute. In fact, we have gone
12 beyond that, because it requires one public hearing. We
13 have had at least two and then today. So this would be
14 the third. So we have met the legal requirements.

15 MR. HARTNETT: Thank you.

16 MR. MORALES: Mr. Chairman.

17 CHAIRMAN RICHARD: Yeah.

18 MR. MORALES: Following on Mr. Hartnett's
19 point, I think in some of the comments, there appears to
20 be some confusion potentially over what's exactly
21 required to be in the business plan, and as you know, we
22 have a lot of different statutory requirements for
23 different reports and different things we have to do,
24 but one of the reasons we included in the front of the
25 business plan the actual statutory language was to try

1 to make it clear to the board and the public of what is
2 actually required to be in this plan. We have separate
3 requirements for other things that show up in different
4 documentation, different reports we submit to the
5 legislature, and so I think some of the issues that have
6 been raised, I think, deal with some of the confusion
7 over what's actually required to be in here.

8 CHAIRMAN RICHARD: All right. Okay.

9 MR. HARTNETT: But I think, to be clear,
10 there's no confusion on the part of the Authority or the
11 board as to what needs to be included. I think you
12 rightfully pointed out that there are opinions by others
13 that are based on lack of understanding from my
14 perspective as to what is legally required or not. And
15 though it's always difficult to -- certainly, I don't
16 discount any of the public comment whatsoever, because
17 it's always been very helpful, but it's not comment that
18 I rely on for legal advice to the High-Speed Rail
19 Authority.

20 CHAIRMAN RICHARD: Fair enough. Speaking of
21 legal advice, we have two lawyers about to weigh in.

22 So, Ms. Schenk.

23 MS. SCHENK: Well, legal advice I'd give
24 right now, you wouldn't pay for it.

25 Look, having had the perspective of years of

1 business plans, you know, I just think this is a very,
2 very good piece of work. I have read every comment, and
3 the same as what Jim said, there was very little that
4 was new. There were some reminders of what we should
5 do, look at, consider, and I believe that you and your
6 staff have done an outstanding job of incorporating
7 those thoughtful comments. It has always been a
8 challenge as to what other uses this document could be,
9 what other uses we could put it in. I think we now have
10 one that can be, be the basis for educating, discussion
11 for debate and I want to state not only the importance
12 of high-speed rail as -- to integrate it into our master
13 plan for transportation. It doesn't supplant rail or
14 existing rail. It doesn't supplant air. It doesn't
15 supplant the interstate, but it is in addition to and a
16 cost-effective addition. But also, as Catherine pointed
17 out, the other kinds of expansions for the future. We
18 have always talked about what high-speed rail has done
19 in other nations for economic development, and I think
20 this business plan can be used now as a tool to educate
21 the importance of high-speed rail and many other
22 factors. I was pleased to see that the peer review was
23 so positive considering where we were with the first --
24 most of you, I guess, weren't here with the peer review
25 of our first business plan, which was deservedly

1 negative. And I think now it was deservedly positive.
2 So thank you for this tremendous effort as a board
3 member. Really appreciate it.

4 CHAIRMAN RICHARD: Thank you, Ms. Schenk.
5 Mr. Frank.

6 MR. FRANK: I just wanted to make a comment
7 then and ask a question. I do want to commend the staff
8 on what I think is a very proactive public outreach
9 comment practice. This doesn't strike me as a pro
10 forma, jumping through the hoops to meet the minimal
11 requirements. I think the staff has made a positive
12 proactive effort to engage the public and solicit
13 comments and suggestion as possible. I realize that not
14 everyone who has provided comments is in agreement, but
15 it strikes me, from reading the comments and hearing the
16 testimony, that in some cases, certainly not all, that
17 is more reflective of concerns in opposition to the
18 underlying project than to the four corners of the
19 business plan. So that's an important distinction, and
20 based on my review and what we're hearing from our staff
21 and our general counsel, satisfied that we meet the
22 legal requirements.

23 In terms of the actions being requested today, my
24 understanding is that the board is being asked to
25 essentially approve the business plan in principle while

1 delegating to our CEO and staff the obligation to
2 finalize any non-substantive changes that are necessary
3 to meet the legal requirements and submit it within the
4 timeframe described by the legislature; is that correct?

5 CHAIRMAN RICHARD: I would only modify that
6 slightly. To make non-substantive changes or to make
7 substantive changes as directed by today's discussion of
8 the board.

9 MR. FRANK: Yes. Thank you.

10 CHAIRMAN RICHARD: And I meant to ask at the
11 beginning, my colleagues, are people comfortable with
12 that approach, because it is our requirement to adopt
13 the business plan, but by the same token, we want to
14 afford time to integrate any comments that were coming
15 in up to the comment period, which really ended today.
16 So I didn't get a sense that people were uncomfortable
17 with that.

18 Ms. Perez-Estolano.

19 MS. PEREZ-ESTOLANO: No. And I think what I
20 would like to make clear to folks is that if you want to
21 see the public comments, they are available on the
22 website. And I think -- I don't know when the last date
23 that they were posted, but 500 pages plus are available
24 if you would like to peruse the comments. And I did
25 read all of them. I appreciate all the comments that we

1 received from cities, from railroad authorities, and
2 things like that. So they are available for anybody who
3 would like to see the comments that were proposed.

4 CHAIRMAN RICHARD: Thank you. And thank you
5 for making that point. It's a very important one. I
6 have some remarks I was going to make, but I just wanted
7 to check and see if my colleagues were able to
8 communicate what they wanted to.

9 First of all, I wanted to join my colleagues in
10 commending the staff. I also want to thank the public
11 for its participation, even people who take time to say,
12 you know, "please stop this project. I hate it," are
13 taking time out of their day to participate in a
14 governmental process, and so we do thank the public for
15 their comments. Some of them come formally from
16 businesses or governments. Some of them come from
17 citizens who have a point of view. Some of them come
18 from citizens who are effected by the project directly.
19 Some of them come from citizens who, just as general
20 members of the California populus, have feelings they
21 want to express. And I'm proud of the fact that I serve
22 on a board where we are respectful enough of that, that
23 members sit down and read all these comments, and we put
24 them on our website, some of them harshly critical. We
25 put them on our website, because we want the public to

1 also see what the public says. So that last point that
2 was made by Ms. Perez-Estolano was quite appropriate in
3 that regard.

4 I would just like to offer these three thoughts.
5 First, as our CEO, Mr. Morales, said, you know, this
6 document is a product of legislative statutory
7 requirement that's been imposed on this board, and it's
8 for the benefit of the legislature and the broader
9 public, but with respect to the legislature, you know,
10 two years ago, there was a significant vote to proceed
11 with appropriations for high-speed rail, but there's been
12 a significant turnover in the legislature since that
13 time, and there will continue to be turnover in the
14 legislature, and so I think having a foundational
15 document for members of the legislature and legislative
16 staff where we articulate where we believe this program
17 is and where it's going is very important and that is a
18 key purpose of this -- of this document. And I think it
19 fulfills that purpose not just in terms of, as Mr. Frank
20 said, the minimal legal requirements but the spirit of
21 trying to inform the legislature of where we're trying
22 to go. So that -- I feel very good about that.

23 There are two areas that, I guess, I would ask
24 Mr. Morales to just take a look at as you move into
25 finalization of the document. First, the question came

1 up again today. It has come up very often. Where is
2 all the funding coming from. I know I have been quoted,
3 and I'm not trying to be glib, in the past, when I'm
4 asked that question personally of saying, "I have no
5 idea." I had no idea when I was on the BART Board and
6 we were starting those projects. BART in San Jose, it
7 was just a dream, had no dollars associated with it.
8 It's in construction today.

9 I always tell the funding story that early in my
10 time on the High Speed Rail Authority when I was still
11 commuting back and forth from DC, I took a redeye one
12 night, which I'm too old for, I have to say. And I got
13 to the airport. I got in the taxi cab, grabbed the
14 Washington Post, and as we were driving from Dulles
15 Airport into downtown Washington, DC past the ongoing
16 construction of the Silver Line that was being built
17 from downtown out toward Dulles. As we were going past
18 the structure that was being built there, I was looking
19 at a front-page story that said, "Debate rages on about
20 funding for Silver Line." They were building the first
21 phase of silver line while they were still debating and
22 trying to figure out how they were going to fund the
23 second phase. And, you know, we are not alone in this.
24 We have never been alone in this. This project has been
25 subject to more questions that no other project has been

1 asked on that. This is a generationally built project
2 that is multidimensional. Having said that, the thing
3 about funding is that in many cases, it's opportunistic.

4 When the authors of Prop 1-A put that measure on
5 the ballot in 2008, they had no way of knowing not only
6 that Barack Obama was going to be elected President but
7 for that one of his first acts was to ask the Congress
8 for a stimulus bill that included \$8 billion for
9 high-speed rail. No one could have anticipated that
10 last piece. And yet this organization, and I have to
11 give credit here to Ms. Schenk and virtually all of our
12 predecessors who were on the board at that time,
13 basically was prepared enough to take advantage of that
14 opportunity when it came up. California now has 3.3
15 billion of that 8 billion. We have the lion's share,
16 far more than our proportionate population would dictate
17 of that funding. Similarly no one knew that Governor
18 Jerry Brown would come in, take ownership of this
19 project, leadership in it, and propose to the California
20 legislature that a significant portion of the cap and
21 trade revenues be devoted to high-speed rail, and that
22 is an opportunity that I think this organization has
23 been ready to participate in, because we do have a very
24 good story as confirmed by Secretary Harry Nickels, as
25 confirmed by Professor Horwitz in her testimony that not

1 only are we legally qualified to participate in that
2 program but that from the standpoint of the broader good
3 of the changes in society that will come about from
4 high-speed rail that we are an appropriate recipient of
5 that. The legislature will consider that. I want to
6 commend Mr. Morales who has been working very hard on
7 this issue with our legislative committees and our
8 legislative leaders explaining what we're doing, and by
9 all accounts, what I'm hearing back is that the more he
10 testifies on this, the more he works with the
11 legislature, that legislators are saying publically that
12 they are becoming more and more comfortable with this
13 notion of high-speed rail being worthy of this
14 allocation. So Jeff has done a superb job on this and
15 deserves credit.

16 So it's not to say that we shouldn't answer this
17 question to the best of our ability for the public. We
18 have told people that the excess revenues of this
19 project can generate probably at least a third of the
20 funding coming from private sector sources, so if you
21 look at that and you look at the money that we have
22 right now, you look at the bond money, you look at the
23 potential for cap and trade, we actually are, A, further
24 down the road than a lot of projects of this size and,
25 B, I'm going to make the provocative statement that if

1 this legislature does provide us the cap and trade
2 allocation, we have a more stable, ongoing revenue
3 stream than just about any transportation project out
4 there. And I hear people say all the time, "Well, you
5 know, the highway system has the Federal Highway Trust
6 Fund," which last time I checked, was completely and
7 totally oversubscribed, so I don't know how you make the
8 argument that any new highway project has a dedicated
9 funding stream when they're tapping into something that
10 is already overdrawn.

11 So I want to put this in perspective, and, I
12 guess, I would just say to Mr. Morales that to the
13 extent that, given this commentary comes up all the
14 time, as you and staff look at this document, if we
15 could provide any further clarification or context
16 perhaps on funding, that would be good.

17 And finally, the last thing I would ask the staff
18 to take a look at, it was disheartening for me to read
19 the number of comments of people who say, "you're not
20 building what we voted for in Prop 1-A," and it's
21 disheartening for a number of reasons, as a public
22 official sworn, as Ms. Selby did this morning, to uphold
23 our state constitution and state laws, I take that
24 pretty personally, number one. And number two, it's
25 just sad for me, because I think we have just not done

1 an adequate job. I'll point the finger back at us. We
2 have not done an adequate job of explaining what it is
3 we're doing. And I just had this commentary yesterday
4 because I participate in some of the blog comments that
5 are out there, which always makes our public affairs
6 staff a little nervous, but as I said in a posting I
7 made yesterday, you know, there's just a lot of
8 confusion about what the system will look like as it's
9 being built compared to what the system will look like once
10 it is built, and we are building the system in phases,
11 both laterally and vertically. Vertically means we
12 start to improve existing rail service, make early
13 investments, and build up to full high-speed rail. The
14 end state of what we are building is exactly and
15 precisely what the voters voted for in Proposition 1-A,
16 a 200 mile an hour capable train system serving the
17 major population centers of this state, clean because
18 it's electrified and able to convey people from Los
19 Angeles to San Francisco, designed to achieve that in
20 two hours and 40 minutes.

21 I have to say, we had an unfortunate incident
22 again last week with a newspaper report that
23 misrepresented and misconstrued and misstated testimony
24 in front of the state legislature about our design
25 criteria and took a statement made by a member of the

1 peer review group, who was talking about an illustrative
2 three hour and eight minute trip with stops to make the
3 point that he had been convinced by our staff that they
4 had adequately looked at the ridership numbers and
5 stress tested them and that even in that length of time,
6 we made the ridership numbers and conflated that with
7 somehow not meeting the design criteria of the law, and
8 there's no other way to state it except that it was
9 wrong. And so I would hope that one of the things that
10 we could do -- maybe it's a pop out session, maybe
11 something -- that tries to do a better job than I have
12 done, or we have done collectively, of explaining to the
13 public that this is being built in steps but that the
14 steps are leading somewhere and where the steps lead to
15 is what the public voted for in Proposition 1-A. And I
16 don't know anybody on this board who is not committed to
17 that, and I am not aware of any action that this board
18 has ever taken that, in any way, under minds our ability
19 to achieve that goal. So having read these comments
20 that keep saying, "you're not building what we voted
21 for," I think we have an obligation to restate to the
22 public and the legislature that we are.

23 I didn't quite need to go on my soap box that
24 long but that one really got to me.

25 So, Mr. Morales, if the staff could take a look

1 at that and maybe do a better job of articulating that
2 point than I have been able to do in my years on the
3 board, that would be appreciated.

4 So with that, I would entertain a motion from the
5 board to direct to staff to complete the production of
6 the 2014 draft business plan consistent with the
7 expressions of the board today and to incorporate public
8 comment and to then convey that to the legislature on
9 behalf of the board

10 MR. HENNING: So move.

11 MR. FRANK: Second.

12 CHAIRMAN RICHARD: Moved by Mr. Henning,
13 seconded by Mr. Frank.

14 Ms. Perez-Estolano, I'm sorry. Did you wish to
15 make a comment?

16 Okay. Could the secretary please call the roll.

17 MS. NEIBEL: Vice-Chair Hartnett.

18 MR. HARTNETT: Yes.

19 MS. NEIBEL: Ms. Selby.

20 MS. SELBY: Abstain.

21 MS. NEIBEL: Mr. Rossi.

22 Mr. Schenk.

23 MS. SCHENK: Yes.

24 MS. NEIBEL: Ms. Perez-Estolano.

25 MS. PEREZ ESTOLANO: Yes.

1 MS. NEIBEL: Mr. Henning.

2 MR. HENNING: Yes.

3 MS. NEIBEL: Mr. Frank.

4 MR. FRANK: Yes.

5 MS. NEIBEL: Mr. Chairman Richard.

6 CHAIRMAN RICHARD: Yes. I want to thanks
7 Mr. Morales and I know that there are many people in the
8 staff that he would want to recognize.

9 MR. MORALES: I was just going to make that
10 point. Thank you, Mr. Chairman. I get to stand up and
11 present this, but there are a lot of people who make
12 this happen and are responsible for everything from the
13 outreach to just making sure that the comments are
14 received and made available to the full public. That
15 whole process takes a lot of effort, and we have a lot
16 of very good people doing it, and I just want to commend
17 all of them.

18 CHAIRMAN RICHARD: Thank you, Mr. Morales.
19 Thank the staff.

20 I'm going to turn to people for new business, but
21 I'd like to recognize a distinct gentleman, who I see
22 just came into the room, and that's my friend, Francisco
23 Fernandez de la Fuente, who comes to us from Spain, who
24 has been a builder of high-speed rail in Spain and
25 around the world, and who I understand is about to

1 become a Californian. So welcome to California,
2 Francisco. It's great to see you.

3 New business. I know that Ms. Schenck had
4 indicated that there was an item that she'd like to
5 raise. I'd like to recognize her at this time.

6 MS. SCHENK: Thank you, Mr. Chairman. Yes,
7 under the item of new business, I would like to ask you
8 and my colleagues to ask the staff to look into a new
9 matter. As we know, President Obama, on Women's
10 Equality Day, has tried to tease out from federal
11 subcontractors the pay in equity between men and women
12 who are doing the same job, and he's done this through a
13 series of executive orders and directions to the Labor
14 Department to gather information. Since this is the
15 single largest project that we will have in California
16 in the near future, I would like to see if we, at
17 High-Speed Rail, can show some leadership in doing
18 something similar with our contractors and
19 subcontractors and that is to determine if there is pay
20 in equity, which, of course, I believe that there is and
21 whether it's seventy cents on the dollar or eighty cents
22 or sixty-six cents, there's a debate about the number
23 that it is not based on anything but gender or sex, I
24 think we have an opportunity to show some leadership in
25 this direction, picking up the leadership of the

1 President in this arena.

2 So with your concurrence and that of the board,
3 if we could ask the staff to begin to look into this. I
4 have already discussed it with counsel, who thinks that
5 we could take a look at this and see if there's
6 something that's not onerous but at least informational
7 that could be brought to us on the subject.

8 CHAIRMAN RICHARD: Well, personally, I think
9 that's great. We talk about really making sure that the
10 benefits of this program reach all Californians, and we
11 should make sure it reaches all equally. So I applaud
12 Ms. Schenk for raising this issue. I don't know what
13 the particulars are in terms of how we do it, but she's
14 asking the staff to look at that and come back to us. I
15 know many of our other colleagues would like to weigh in
16 on this, but I think it's very appropriate, and I
17 appreciate her raising it.

18 MS. SCHENK: Thank you.

19 MR. MORALES: Absolutely. I agree. We'll
20 look into it. I know this doesn't get at the pay issue
21 directly but I think as part of our broader commitment
22 of -- like I was saying, we work very hard to start with
23 ourselves in terms of, as we build our team, making sure
24 we have diverse staff that represents what the state
25 looks like, and we are very proud of the diversity that

1 we have on our team both gender and ethnic and that is
2 one piece of commitment to the types of goals that
3 you're talking about. So we will certainly -- we'll
4 work and figure out how to get at this issue and come
5 back to the board with a report and propose action.
6 We'll propose them.

7 CHAIRMAN RICHARD: And we should, so that
8 we're never hypocritical, make sure that we're looking
9 at ourselves in that respect also. So I applaud what
10 you have done in building the staff. We see, you know,
11 many, many talented people from, you know, across the
12 spectrum, but I want to make sure that -- you know,
13 people trip into these things sometimes, so it's good to
14 take a look.

15 Mr. Frank.

16 MR. FRANK: I just don't want to put staff
17 on the spot, but before we adjourn, my understanding is
18 next month, we're taking this show on the road. We're
19 going to have some unusual schedules. So if it's not
20 premature, perhaps Mr. Morales could walk us through
21 that, and as a segue from that, I live in Sacramento, so
22 these meetings, most of which are held here at
23 Sacramento are very convenient for me. I jump on light
24 rail and I'm here in ten minutes. But this is a
25 statewide board and this is a statewide project, and I

1 would just look to my colleagues for consideration the
2 ideas that we take the show on the road more often and
3 maybe not meet in Sacramento quite as often as we do,
4 meet in Los Angeles and Central Valley and Bay Area to
5 show the flag to our various constituents around the
6 state.

7 MS. PEREZ-ESTOLANO: And, Mr. Frank, I have
8 been harping on that for some time. It's a logistical
9 thing because we have notification issues. And I have
10 actually seen one where -- it's logistics, but wherever
11 we can Skype this around and all these things, and I
12 think we need to be out and around the state and that
13 includes, you know, San Diego, Los Angeles, Orange
14 County, Anaheim. We need to be around the state. I
15 think it's important that we have face time and presence
16 in these -- in the communities.

17 CHAIRMAN RICHARD: We have tried, at least
18 in the time I have been on the board, I think we have
19 tried to be in, you know, Los Angeles, the Bay Area,
20 Central Valley at least once in each annual cycle but --
21 and, in fact, I had some interest in trying to see if
22 today's meeting could be in San Francisco, but we
23 weren't able to do it. But I share your sentiment on
24 this. And also, you know, folks from Kings County, who
25 are directly affected by this program, schlep up here.

1 There's not good transportation, I won't point out, so
2 it's a long trip, and they make it all the time. So
3 we'll be in Fresno next month, which is appropriate
4 because we'll be considering the issues of the Fresno to
5 Bakersfield EIR and so -- and also, Mr. Frank, we have
6 not forgotten your suggestion that we set those meetings
7 up so that they sweep into the evening hours to give
8 working people an opportunity to come before the board,
9 present their issues and concerns as we look at that.
10 So I think both those comments are highly appropriate,
11 Mr. Morales.

12 MR. MORALES: I did want to raise an issue
13 if it's appropriate that came up in some of the
14 comments. I want to make sure some comments that came
15 up today regarding Buy America and the rolling stock
16 procurement. I want to make sure I clarify that. We
17 will -- our procurement, which we are pursuing jointly
18 with Amtrack requires that rail cars be manufactured in
19 the US. The issue facing us in that procurement is that
20 there are currently no US based manufacturers building
21 that equipment or may not be certainly at least. And so
22 the issue of the waiver is that if we get proposals that
23 require that first prototype be developed overseas
24 before they have the capacity to build the manufacturing
25 facility here in the US, that that would be allowed

1 potentially, but the manufacturing of the rolling stock
2 will happen in the US under the procurement that's
3 required under the waiver is only if it's needed in
4 order to get a prototype in order to evaluate it because
5 you can imagine the expense and the issues associated
6 with building a brand new facility.

7 CHAIRMAN RICHARD: To build a prototype.

8 MR. MORALES: It can't happen overnight in
9 order just to build a prototype.

10 We also have -- so under Buy America that's
11 required to have that contents here, but the waiver
12 process is also built into the law to allow for exactly
13 that sort of circumstance. I also just want to point
14 out, we have, in California, a Buy California provision,
15 which Assembly Member Henry Perea sponsored and the
16 Governor signed two years ago, which doesn't have the
17 same course of law as the federal Buy America provision
18 has, but I think clearly has a very strong intent that
19 whatever we can do to bring in manufacturing in
20 California, we should do. That is absolutely our intent
21 in this process, but I did just want to make sure that
22 the board understood that the cars will be built in the
23 US in compliance with Buy America as we go forward.

24 CHAIRMAN RICHARD: Thank you. That is very
25 appropriate.

1 MS. PEREZ-ESTOLANO: Let me just say this, I
2 appreciate you sharing that because it is important to
3 our colleagues in the labor community and the folks who
4 have been working very closely with us who are looking
5 forward to the jobs that are going to be coming out as a
6 result of the project. So that's a relief to hear that,
7 and I understand the, kind of, production and supply
8 chain issues that we're facing, but my interest is to
9 ensure that we're, we're, kind of, ginning up the
10 industry. We're putting the industry on notice that
11 this is what we have to have, and we're going to be
12 demanding that. So in addition to our SBA and other
13 requirements on here on the contract that that enter
14 into the procurement of these systems. And by the way,
15 we have a federal requirement. We don't get funds, in
16 fact, we can't and won't do that. So --

17 CHAIRMAN RICHARD: That's right.

18 MS. PEREZ-ESTOLANO: I know that we all
19 stand very committed to that. So that you know for the
20 clarification.

21 CHAIRMAN RICHARD: And I would just add that
22 it's important to members of Congress. Jeff and I were
23 back briefing the California Democratic Delegation
24 probably about a year ago it seems, and my friend,
25 George Miller, from Contra Costa County has a tendency

1 when he feels strongly about something -- Ms. Schenk
2 knows this having served -- but he not only can raise
3 his voice but he has a tendency to want to invade one's
4 personal space. So Congressman Miller was about six
5 inches from my face as he was insisting that, "you
6 better understand that this is a very important aspect
7 of this stimulus act money," and I think he spoke if
8 more forcefully certainly inconclusively for all of his
9 colleagues.

10 MR. MORALES: One of the reasons -- we have
11 to remember the reasons we're pursuing this procurement
12 jointly with Amtrack, one was to specifically address
13 this issue of creating enough of a market demand to
14 actually justify an investment in the US. Were we to go
15 out on our own, that would be a much tougher hurdle to
16 get over for suppliers and manufacturers. So that was
17 part of the intent, was to make sure that we can comply
18 with Buy America provision and see those jobs come here.
19 And, you know, although, Buy America means buy America.
20 It doesn't mean California necessarily. We're certainly
21 doing what we can to bring this venture to California.

22 Supervisor Perea mentioned the meeting in Fresno
23 earlier this year. That's part of the broader effort of
24 working with Fresno State to create, in essence, a
25 center of excellence there so that we have -- one of the

1 values of being first in the country is that we get to
2 be on the forefront of developing all of the expertise,
3 whether it be in engineering, whether it be in
4 marketing, whatever aspect of the high-speed rail
5 program, and our goals is we want to be exporting this
6 expertise elsewhere around the country and hopefully
7 around the world.

8 CHAIRMAN RICHARD: I'll just end with this,
9 I think the best thing we can do is to make sure that
10 there's an accurate translation of the words, "polar
11 vortex" into German, Japanese, Spanish, and these other
12 countries so they understand the benefit of actually
13 coming to California, because they live in these other
14 parts of the country that some of us have moved from.

15 With that, the board will enter into closed
16 session to deliberate on the items as listed in the
17 agenda. We'll report back after that. Thank you all
18 very much.

19
20 (Whereupon the Board entered into closed session.)
21

22 CHAIRMAN RICHARD: Good afternoon. We are
23 returning from closed session, and the board has no
24 items to report from the closed session.

25 With that, the meeting of the High Speed Rail

1 Authority will stand adjourned. Thank you.

2

3 (Whereupon the meeting adjourned at 12:01 p.m.)

4

5 --o0o--

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 I, Brittany Flores, a Certified Shorthand
2 Reporter of the State of California, duly authorized to
3 administer oaths, do hereby certify:

4 That the foregoing proceedings were taken before
5 me at the time and place herein set forth; that any
6 witnesses in the foregoing proceedings, prior to
7 testifying, were duly sworn; that a record of the
8 proceedings was made by me using machine shorthand which
9 was thereafter transcribed under my direction; that the
10 foregoing transcript is a true record of the testimony
11 given.

12 Further, that if the foregoing pertains to the
13 original transcript of a deposition in a Federal Case,
14 before completion of the proceedings, review of the
15 transcript () was () was not requested.

16 I further certify I am neither financially
17 interested in the action nor a relative or employee of
18 any attorney of party to this action.

19 IN WITNESS WHEREOF, I have this date subscribed
20 my name.

21 Dated:

22 _____
23

24 Brittany Flores CSR 13460
25